



Rating Action

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PACRA Maintains Stability Rating to Faysal Financial Sector Opportunity Fund

The Pakistan Credit Rating Agency (PACRA) has maintained the stability rating at 'AA-'(f) (Double A Minus; fund rating) of Faysal Financial Sector Opportunity Fund (FFSOF), an open-end income fund. The fund's rating denotes a very strong capacity to manage relative stability in returns and very low exposure to risks.

The fund's investment objective is to generate a competitive rate of return to its investors by investing in money market and debt instruments with major exposure in financial sector.

The rating reflects sound credit quality and liquidity profile of the fund owing to sizeable investments high rated avenues. At end-Sept16, the fund is primarily invested in daily cash (i.e. 71%) with high credit quality banks [majority with 'AA+' (70%)], while remaining assets are invested in government securities (PIBs: 27%). Fund carries redemption risk as the unit holding pattern of the fund is concentrated, with the top 10 investors representing 72% of the net assets.

Going forward, the fund intends to allocates its assets toward high quality financial sector TFCs and cash balances (rated 'AA-' and above) and the remaining net assets of the fund are placed with government securities. Material changes in the fund's asset allocation strategy, which could negatively impact the fund's credit quality and exposure to interest rate risk, remain critical for the rating.

About the Management Company:

Faysal Asset Management Limited (FAML), licensed to conduct asset management and investment advisory services, was incorporated in 2003 as an unlisted public limited company under company's ordinance, 1984. The major shareholder of FAML is Islamic Investment Company of the Gulf (Bahamas) Ltd (50% stake), followed by Faysal Bank Limited (30% stake). Mr. Razi Ur Rahman Khan, a director of FAML, holds the remaining 20% stake in FAML. Presently, the company is managing a diversified portfolio of nine open-end funds, with combined AUMs of PKR 10.2 billion at end-Sep'16.

The CEO, Mr. Enamullah Khan, has extensive experience in domestic and international capital markets. The COO, Mr. Najam ul Hassan, is serving FAML since 2012. The fund manager of FMMF, Mr. Syed Shahid Iqbal, carries 20 years of experience in the financial market.

Applicable Criteria and Related Research

- Mutual Funds | Fixed Income
- Category - Viewpoint | Nov-15
- Fund Stability Rating Methodology

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